

AMENDED IN SENATE AUGUST 4, 2008

AMENDED IN SENATE JUNE 10, 2008

AMENDED IN SENATE MAY 27, 2008

AMENDED IN ASSEMBLY JANUARY 22, 2008

AMENDED IN ASSEMBLY DECEMBER 13, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 529**

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**Introduced by Assembly Member Torrico  
(Coauthors: Assembly Members Lieu and Wolk)**

February 21, 2007

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An act to add Section ~~2924.8~~ 2924.4 to the Civil Code, relating to mortgages.

### LEGISLATIVE COUNSEL'S DIGEST

AB 529, as amended, Torrico. Mortgages: adjustable interest rates: notification.

Existing state and federal law regulates the provision of loans that are secured by real property. Existing law prohibits a lender from accelerating the maturity date of the principal and interest on loans secured by a mortgage or deed of trust on residential real property solely by reason of specified transfers of the title.

This bill would require the entity responsible for collecting payments of principal and interest from a borrower on a first-lien mortgage loan, secured by residential real property, as specified, where the interest rate on the loan is initially fixed and then becomes adjustable, or for which the borrower may select one of several payment amounts each month,

to notify the borrower of specified items of information no more than 120 days, and no less than 90 days, prior to an interest rate adjustment or the resetting of the loan to a fully amortizing loan, as specified. The bill would require the notification to be personally delivered or mailed, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section ~~2924.8~~ 2924.4 is added to the Civil Code,  
2     to read:  
3     ~~2924.8.~~  
4     2924.4. (a) The entity responsible for collecting payments of  
5     principal, interest, or both, from a borrower shall notify the  
6     borrower, as provided below:  
7     (1) In the case of a loan with an interest rate that is initially fixed  
8     and then becomes adjustable, the notification required pursuant to  
9     this subdivision shall be provided no more than 120 days, and no  
10    less than 90 days, before the date on which the loan is first  
11    scheduled to switch from the initial fixed rate to an adjustable rate.  
12    (2) In the case of a loan that allows the borrower to select one  
13    of several payment amounts each month, the notification required  
14    pursuant to this subdivision shall be provided no more than 120  
15    days, and no less than 90 days, before the date on which the loan  
16    is scheduled to reset to a fully amortizing loan.  
17    (b) The notification required pursuant to subdivision (a) shall  
18    be in addition to the notification required under Part 226 of Title  
19    12 of the Code of Federal Regulations (Regulation Z).  
20    (c) The notification required pursuant to subdivision (a) shall  
21    include at least all of the following information:  
22    (1) The current monthly payment amount, in the case of a loan  
23    with an interest rate that is initially fixed and scheduled to become  
24    adjustable, or the current minimum payment, in the case of a loan  
25    that allows the borrower to select one of several payment amounts  
26    each month.  
27    (2) The month and year in which the entity responsible for  
28    collecting loan payments estimates the loan will change from a  
29    fixed-rate to an adjustable rate, or from nonamortizing to fully  
30    amortizing, as applicable.

1 (3) An example of the monthly payment amount if the interest  
2 rate that is initially fixed is reset to an adjustable rate, as calculated  
3 ~~at the time of notification~~ *on a date that is chosen by the provider*  
4 *of the notification that is on or after 14 days prior to the date of*  
5 *that notification*, or once the borrower is required to begin paying  
6 both principal and interest each month. The interest rate used to  
7 provide the estimated monthly payment amount may be based  
8 upon current interest rates.

9 (4) Whether the monthly payment amount required to be  
10 provided pursuant to paragraphs (1) and (3) includes real estate  
11 taxes, home insurance, or both.

12 (5) A telephone number the borrower may ~~contact~~ *use to contact*  
13 *the entity* for additional information about the terms of the loan.

14 (d) The notification required pursuant to subdivision (a) shall  
15 include a statement as follows:

16 (1) The information in the notice is not a request for payment,  
17 and is for informational purposes only.

18 (2) The actual monthly payment due in the month in which the  
19 loan is expected to reset may be different than the amount shown  
20 in the notice.

21 (3) The borrower will be mailed a notification, pursuant to  
22 federal law, at least 25 days prior to the loan reset, which will  
23 indicate the actual payment that will be due when the loan resets.

24 (e) The notification shall be personally delivered or mailed,  
25 with first-class postage, to the borrower's last known address, as  
26 contained in the entity's records.

27 (f) This section is limited to first-lien mortgage loans that are  
28 secured by residential real property that is improved by four or  
29 fewer residential units.